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C O N F I D E N T I A L SECTION 01 OF 03 HANOI 001211

SIPDIS

FOR S/P DIRECTOR GORDON

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SUBJECT: SCENESETTER FOR U.S.-VIETNAM POLICY PLANNING TALKS

Classified By: AMBASSADOR MICHAEL W. MICHALAK. REASONS 1.5(b) and (d).

OVERVIEW

¶1. (C) Dr. Gordon: Your visit to Hanoi for the inaugural round of U.S.-Vietnam Policy Planning Discussions comes at an opportune moment. Our bilateral relationship with Vietnam is arguably at its highest point since relations were normalized in 1995. Propelled by a series of senior bilateral visits, the United States and Vietnam have deepened cooperation in areas ranging from public health and MIA issues to higher education and technical assistance designed to help Vietnam meet its WTO obligations. The United States is Vietnam's largest export market and third largest overall trade partner, and U.S. investment in Vietnam continues to grow. Conservative voices in Vietnam's leadership remain wary of U.S. intentions, but their influence is waning as the country's young population -- the first generation in memory to live without war -- looks to the West. Strategically, Vietnam increasingly views the U.S. presence in the region as a force for stability, a perspective evident in the first-ever bilateral political-defense talks October 6. Vietnam is also taking a more active role in multilateral diplomacy, both as a non-permanent member of the UN Security Council and as an emerging leader in ASEAN.

¶2. (C) Profound differences remain, however, particularly in our approach to human rights. While Vietnam has made strides in improving religious freedom -- resulting in the country being removed from the list of "Countries of Particular Concern" -- there has not been a corresponding improvement in political rights or press freedom. Suspicion over our human rights reporting and advocacy almost certainly are a main reason for the cumbersome restrictions that the GVN continues to place on our HCMC consulate operations. We have our differences too on how Vietnam approaches international issues. While taking its UNSC obligations seriously, Vietnam's non-interventionist line has caused it to align with Russia and China on issues such as Georgia and Darfur. China, understandably, remains Vietnam's strategic obsession and provides the subtext for Hanoi's "friends to all" foreign policy -- an approach that can at first seem naive, but which is firmly rooted in real politic.

YOUR HOSTS AND THE AGENDA

¶3. (SBU) Your counterpart for the talks, MFA Director General Bui Thanh Son, is urbane and articulate, with an excellent command of English. He has expressed enthusiasm for the talks and accepted, without reservation, most of our suggestions for the agenda. Just prior to the talks with DG Son, you will be meeting VFM Pham Binh Minh, Vietnam's second-ranking diplomat and the son of former FM (and Paris Peace Talks negotiator) Nguyen Co Thach. We have also requested meetings with the State Bank of Vietnam and the

Communist Party External Relations Commission. As scheduled, the formal Policy Planning Discussions (three hours in the morning, followed by a working lunch) will cover four issue areas:

- Non-traditional security challenges (economic)financial security, food and energy security, climate change). U.S. lead
- Regional cooperation (APEC, ASEAN, ARF, EAS). Vietnam lead
- Relations among major powers in the world and regionally. U.S. lead
- Foreign policy and external relations. Vietnam lead

¶4. (C) A common thread in all of these is Vietnam,s desire to be seen as a responsible member of the international community, keen to assume international and regional responsibilities. In your discussions, both in your formal meetings and in your conversations at the Ambassador,s dinner that evening, you will meet sophisticated individuals eager to put to rest the image of a hidebound, isolated, and inward-looking Vietnam. At the same time, you will likely encounter a clear-eyed acknowledgment of Vietnam,s status as a small power locked into an asymmetrical relationship with its northern neighbor, China.

VIETNAM,S FOREIGN POLICY PRIORITIES

¶5. (C) Vietnam professes a "friends to all" foreign policy, guided by a non-interventionist ethic similar to China,s famous Five Principles of Peaceful Coexistence. But despite the Bandung-era rhetoric, Vietnam,s foreign policy is

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fundamentally pragmatic. While the overriding strategic concern remains China, Vietnam is under no illusions that it can somehow "balance" China with the United States, Russia, or Japan. Mistrust of China runs deep, fed by historical animosities and simmering resentment over what is widely viewed as a weak position on South China Sea territorial disputes. Vietnam,s leadership appears to realize, however, that confrontation with China is not in the country,s interest. Nor is it a position that the Party could sustain domestically: once unleashed, nationalistic sentiment, though initially directed at China, could easily turn toward the Party itself.

¶6. (C) Instead, Vietnam seeks to maintain as cordial and stable a relationship with China as possible, while also cautiously cultivating a diverse range of bilateral friendships and enmeshing these in a framework of multilateral engagement. In this context, Vietnam,s bilateral relationship with the United States enjoys pride of place; however, our relationship is but one of several, and Vietnam is wary of pushing the agenda with the United States too far, too fast, lest it antagonize China.

¶7. (C) Multilaterally, Vietnam puts great store in ASEAN. It has voiced support for enhancing both the association,s internal capabilities and its relationships with ASEAN,s dialogue partners. Similarly, Vietnam looks at a number of regional issues such as Burma and the Thai-Cambodia border disputes largely, though not exclusively, through an ASEAN lens. Thus, while Vietnam,s natural impulse is not to interfere in Burma,s internal affairs, Hanoi recognizes the obstacles that Rangoon,s continued intransigence poses for ASEAN,s credibility and relations with the West. At the UNSC, Vietnam has been professional and well-briefed, but cautious. Vietnam,s UN mission has been eager to join in consensus, when possible, voting for example to support sanctions on Iran. But where there has been disagreement, Vietnam has tended to follow a non-interventionist line.

HUMAN RIGHTS AND RELIGIOUS FREEDOM

18. (C) For Vietnam non-interference is not just an abstract principle, but also a reflection of narrow self-interest. Vietnam continues to have a poor record on human rights and still reacts defensively to criticism, though it has learned to be more responsive to international calls for dialogue, engaging the United States and others in annual formal human rights discussions. While your talks do not include human rights as a formal agenda item, the subject is something that you should not shy away from raising -- both for its own sake and because human rights concerns have a real effect on our policy toward Vietnam. For its part, the MFA seems to have fixated on the possibility of a Vietnam Human Rights Act in Congress, and you are likely to hear objections to its passage.

19. (C) The human rights picture is not all bleak, to be sure. Economic growth has brought with it an enormous expansion of personal freedoms, and government is much less intrusive than it was twenty, ten, or even five years ago. While much remains to be done, religious freedoms continue to expand, with most religious groups reporting improved conditions and growing memberships. We see this progress as continuing. We have not, however, seen corresponding progress in political rights, and the government continues to severely restrict freedom of speech and assembly. Political dissident groups such as "Bloc 8406" are banned and their members subject to harassment and arrest; another eleven activists were arrested over the last two months. Similarly, the conviction this month of two correspondents reporting on a major corruption scandal (universally referred to here as the "PMU-18" scandal) has had a chilling effect on the recently emerging field of investigative journalism. Vietnam's internet blog scene has been a source of spirited debate; but here too, the government is feeling -- clumsily thus far -- for a way to curb what it considers to be overly sensitive discussions.

ECONOMIC TIES

110. (C) Trade and investment have played a central role in our improved relations, and we are seeking to keep up the momentum with negotiations toward a new bilateral investment treaty. The two sides recently agreed to direct cargo links under a revised civil aviation agreement. Vietnam has pushed hard to be granted GSP status, but deficiencies in IPR protection and, especially, labor rights continue to stand in the way. We have offered technical assistance to help

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Vietnam deal with its macroeconomic challenges and have encouraged the State Bank, Ministry of Finance, and others to continue to address inflation as the main economic concern. Your meeting with the State Bank offers an opportunity to reinforce this message as well as to gauge Vietnam's response to the global financial crisis.

MILITARY RELATIONSHIP

111. (C) Military ties, for obvious historical reasons, have developed less rapidly. But here, too, there has been progress. Efforts to provide the fullest possible accounting of missing personnel predate the establishment of diplomatic relations, and the development of trust on the issue has made gains in other fields possible. We would like to see more progress in areas such as underwater recovery and archival access, but overall both sides can be proud of our achievements: Accounting for 880 Americans previously listed as MIA (1766 remain missing throughout Southeast Asia). Largely on these foundations, the two sides, militaries are slowly developing ties and have discussed cooperation in search and rescue, naval medicine, and meteorological information exchanges. These and other initiatives -- such as expanding English-language training under IMET, ship visits, encouraging Vietnam to participate in global peacekeeping operations -- were on the agenda for

political-defense talks, the first of their kind, which were held in Hanoi October 6. Touching on a subject likely to come up in your discussions, the two sides also exchanged views on China,s presence in the South China Sea.

HEALTH AND EDUCATION

¶12. (SBU) Of the topics likely to be discussed as "non-traditional security challenges," combating the spread of infectious disease has been the subject of the most vigorous bilateral cooperation. For FY 2008, HIV/AIDS assistance under PEPFAR totaled USD 88.9 million; since 2004, USD 234 million has been devoted to HIV/AIDS treatment and prevention efforts in Vietnam. The United States has also made major investments in efforts to prevent pandemic influenza and fight tuberculosis.

¶13. (SBU) Education is a newer priority, but one that is gaining increasing attention. Joint efforts to improve Vietnam,s system of higher education -- including expanding opportunities to study in the United States and enhancing educational opportunities in Vietnam through partnerships with U.S. universities -- was a main focus of PM Dung,s June visit to Washington. As a product of the visit, the two sides have established an educational Task Force to discuss ways forward. The Task Force will present its preliminary conclusions at an Education Conference to be held in Ho Chi Minh City in January, 2009.

WHAT YOU CAN EXPECT

¶14. (C) While the GVN recognizes the strategic importance of the United States in the region and the world, leaders here are not shy about raising the specter of U.S.-led efforts to bring about political change -- "peaceful evolution" -- or to criticize U.S. actions it perceives as outside the multilateral system. They routinely chafe over U.S. criticism of Vietnam,s record of human rights and religious freedom. Nonetheless, Vietnam,s leaders are also pragmatic and value their relationship with the United States, both for its intrinsic importance and because Vietnam,s security and economic growth have become inextricably enmeshed in an international system of which the United States remains the leader. As a result, you can expect your interlocutors not only to be articulate and well informed, but also to express support for the bilateral relationship. As noted above, lingering suspicions still exist among conservatives in leadership; however, the overall tenor is one of support for the development of closer ties with the United States, albeit at a measured pace. Your upcoming trip to Hanoi will add momentum to our efforts to help translate these good feelings into sustainable accomplishments.

¶15. (SBU) We look forward to your visit and stand ready to do everything we can to make your discussions as productive as possible.

MICHALAK